

Housing market and single-person households in Sweden

YSI - Sweden - Country case 3

1. Lack of housing

The situation on the Swedish housing market is worse than it has been for a long time. A record number of municipalities, 255 out of 290, claim to have a lack of housing. In the three large city areas, all but one municipality state a housing deficit. Only about 10 percent of municipalities claim to have a balanced housing market, and only one claims to have a surplus of dwellings. 93 percent of the Swedish population hence live in municipalities with a lack of housing. Although construction is peaking and is expected to continue at a high rate, 216 municipalities estimate that they will have a continued housing deficit during the next three years. Several municipalities state that they lack rental apartments, particularly studios and one-bedroom apartments, noting that housing for newly-arrived immigrants will present a challenge ahead.[1]

The lack of small apartments, typically inhabited by a single person, is an issue that is being addressed politically, which has resulted in policies supporting the construction of small apartments.[2] The lack of small apartments means that elderly people may continue to live in apartments that are larger than they need, not just because of emotional ties, but also because it may be difficult and expensive to find a smaller dwelling more suited to their needs. For elderly who have owned their apartments for a substantial amount of time, moving to a smaller dwelling often entails “twice the cost for half the size”.[3] Research show that when an elderly person chooses to move, it is often to a smaller, rented apartment. As such, with an aging population, there is a high probability that the demand for small rented apartments will continue to rise.[4]

There are differences between the housing situation in rural areas and large cities. Prices are generally higher in larger cities than in rural municipalities with low population density, both in terms of rented and owned properties. The difference in price does, however, vary depending on the size of the property, being bigger for large apartments than small apartments. The smallest difference in price between rural and urban areas is for one-room apartments.[5] The share of privately owned properties is almost 40 percent in Stockholm, which can be compared to a national average of 20 percent. In the three largest cities, Stockholm, Gothenburg and Malmö, around 55 percent of apartments are small apartments, such as studios or one-bedroom apartments. One-bedroom apartments are the most common, making up around 35 percent, followed by two-bedroom apartments, which comprise around 30 percent of the total amount of apartments in Sweden.[6] Overall, expenses per person are higher in single-person households

than shared households, since the individuals carry the cost for rent, food and consumable goods alone. Above all, renting small apartments can be expensive in terms of price per square metre compared to larger dwellings and many students and young people use a big proportion of their monthly income on living costs.

1.1 Co-living

According to the National Association for Community Housing (*Kollektivhus NU*), there are around 50 community dwellings in Sweden today. Some are for everyone, some are specifically for older people without children living in the home. The residents have their own apartments, but share common spaces for recreation and meals. All residents take turns in preparing meals.[7] Community dwellings in Sweden are often located in cities and have indoor community areas, such as libraries and workshops for woodwork or sewing, as well as private apartments for the residents. The apartments are somewhat smaller than regular apartments, so the residents can afford to pay rent for the shared spaces as well. The rent for the community areas is adapted to the size of the apartment.[8]

A public report from 2015 concerning the housing situation of the elderly indicates that there has been an increase in interest in new forms of co-living among elderly. The growth in different forms of common dwellings for elderly shows an interest in communities based on co-living in the same building. This can also stem from the interest in living with neighbours who are in a similar position in life. The increased demand for sheltered housing also indicates a need for housing forms that support a sense of community. Research shows that communities can have a positive impact on individuals' physical and mental health and general well-being.[9] This is supported by co-housing residents and experts Eva Sandstedt and Kerstin Kärnekull, who claim there is a large and growing interest in co-housing among people, more so than among politicians and in the construction industry. The public sector has only recently begun to take interest in co-housing and the building industry still lags behind. They believe co-housing is becoming part of a greater trend characterised by ideas of sustainable living and sharing economy.[10]

Although the interest in community dwellings has increased in recent years, it is not available to everyone. An individual who moves to community housing must have the resources to pay for access to and maintenance of communal spaces for activities and socialising. The residents must also be able to actively take part in the community activities, which distinguishes this type of housing from regular apartment buildings.[11]

According to the Swedish Association of Public Housing Companies (*SABO*), a newly introduced state subsidy designed to support the construction or remodelling of retirement homes and sheltered housing to become more communal, is flexible and provides good opportunities for improvements of housing for elderly. Both new production and reconstruction of existing dwellings benefits from the new state subsidy, which was introduced in November 2016. The policy facilitates reconstruction in a way that the previous state subsidy did not.[12] The interviewees emphasised the need for institutionalised support of co-housing to increase knowledge and enable further construction of community dwellings. The public sector must

take an active role in the promotion of community housing, in order to match the growing interest in alternative dwellings. Because of the current lack of political support, co-housing initiatives are largely lead by co-housing enthusiasts. The interviewees seek a new approach to the housing situation in the public debate. Two approaches are often missing in today's debate; the housing needs of the elderly and how both elderly and younger people would like to live, if they were to choose freely.[13] Co-housing can thus be seen as a grassroot initiative that broadens the view on different ways of living, which stems from a desire to be able to influence the shape and management of the housing environment.[14]

[1] <https://www.boverket.se/sv/boende/bostadsmarknaden/laget-pa-bostadsmarknaden/riktet/>

[2]

<http://www.regeringen.se/pressmeddelanden/2015/07/regeringen-satsar-32-miljard-per-ar-pa-fler-hyresratter/>

[3] SOU 2015:85. *Bostäder att bo kvar i*, s. 166.

[4] SOU 2015:85. *Bostäder att bo kvar i*, s. 163–166.

[5] SOU 2015:85, *Bostäder att bo kvar i*, s. 167.

[6] Boverket (2016). *Trångboddheten i storstadsregionerna*. 2016:28, s. 17–18.

[7] <http://kollektivhus.se/>

[8] Interview with Eva Sandstedt and Kerstin Kärnekull, 19-10-2017.

[9] SOU 2015:85. *Bostäder att bo kvar i*, s. 164–165.

[10] Interview with Eva Sandstedt and Kerstin Kärnekull. 19-10-2017.

[11] SOU 2015:85. *Bostäder att bo kvar i*, s. 164–165.

[12] http://www.sabo.se/kunskapsomraden/boendefragor/boende_aldre/Sidor/Investeringsst%C3%B6d.aspx

[13] Interview with Eva Sandstedt and Kerstin Kärnekull, 2017-10-19.

[14] Kärnekull, Kerstin (2017). *Var finns alternativen?* PLAN Nr 2017:2

2. Solutions and recommendations

2.1 Public financing and support

There are some policies in place to address the housing situation. While several of these propositions and policies do not explicitly target single households, there is a possibility that they may still impact the living conditions and housing opportunities for this group since the policies are directed at young people, students and the elderly. Although the housing construction sector is currently experiencing a boom, the number of new dwellings being built is not enough to keep up with demand and cover the future needs of housing. Above all, there is great need for rental apartments with reasonable rents. During the summer of 2016, the government presented several propositions to increase housing construction and to stimulate the housing market. At least 250 000 new dwellings are to be built by 2020, according to the government's goals.[1] This number can be compared to the estimated need of 426 000 new dwellings until 2025 by the Swedish National Board of Housing, Building and Planning.[2] Despite the current construction peak, this discrepancy shows that building is lagging behind and that much still needs to be done before the housing situation is resolved.

To encourage the construction of small, affordable and sustainable apartments, the government has introduced an investment support measure of 3.2 billion SEK a year. The sum is expected to cover the costs of building 15 000 new rental apartments per year. The policy is directed at new production of small dwellings for rent or for students specifically.[3] The economic support is particularly high for the construction of apartments up to 35 square meters. Only half of the maximum support is given for construction of apartments over the size of 35 square meters and under 70 square meters. There is no support for the construction of apartments over 70 square meters.[4] Other requirements are energy efficiency, affordable rent and that the apartments are conveyed in an open way, e.g. through a municipal housing queue. Guidelines have been set for the rents to ensure reasonable costs of dwelling, with differences between large cities and more rural areas taken into account. This investment support measure is available to, amongst others, private construction companies, municipal-owned building companies, private property owners, tenant-owned co-operatives and student housing building companies.[5]

To alleviate the housing situation and support municipalities that receive newly-arrived immigrants, the government has introduced a housing bonus in the form of a new state subsidy. In 2016, a total bonus of 1,85 billion SEK was granted to and divided between 111 municipalities. In 2017, the bonus to be shared is 1,8 billion, after which it will be 1,3 billion a year. Almost 50 000 new buildings were given clearance to start construction in 2016, with funding from this subsidy. Stockholm, Uppsala and Gothenburg were the top three municipalities regarding number of applications for the construction subsidy.[6][LF1]

These policies to alleviate the housing situation in Sweden have had some effect, although most municipalities predict that they will continue to have a housing deficit during the coming three years. In 2017, over 70 000 building constructions have started, which is the highest level only since the so-called “million programme” was built in the 1960-70s.[7] The new construction policies to encourage small, affordable, rented apartments to be built are supported by the Swedish Union of Tenants (Hyresgästföreningen), which is a strong proponent of active state participation in the housing market. They do not believe that the market can be trusted to alleviate the housing situation for low-income people, and thus demand that the construction of rental apartments is increased, as is cooperation between the state and municipalities.[8]

2.2 Housing allowances

Single-person households are eligible for a housing allowance, but it should be noted that the allowance does not specifically target single-person households, but is based on income, age and family situation. The housing allowance is calculated in accordance with the household income, with families with children and young people between the ages of 18 and 28 being eligible if their income is below a certain threshold.[9] Of the households eligible for the allowance in 2016, 18.3 percent were single-person households with no children. Housing allowances are not adjusted to account for flat-sharing. Tenants who rent a room in an apartment where the owner or resident also lives are not eligible for housing allowance. Tenants who share a flat and have children are eligible for a specific allowance for children who live at home. This allowance is based on the number of children, not housing costs.[10]

There is also a special housing allowance in place to improve the housing situation for newly-arrived immigrants. The allowance is an additional benefit for those who receive introduction benefits and who live alone without children. To receive the allowance, the resident must be registered at the address and own or rent the dwelling. They are also eligible if they live in a student dorm or stay at a hotel or hostel. Newly-arrived immigrants are not eligible for the allowance if they share a flat or rent a room.[11]

2.3 Recommendations for the public sector

Lack of housing is an acute problem which has great impact on many people's lives - especially for young people, students, newly-arrived immigrants and the elderly. The specific lack of small, inexpensive dwellings is especially troublesome with the large share of single-person households in mind and the lack of economic resources among parts of this heterogeneous group. The situation therefore benefits from policies that encourage construction of small, affordable apartments. Several housing organisations strongly support measures to increase affordable housing. These include the Swedish Union of Tenants (Hyresgästföreningen), the Swedish Association of Local Authorities and Regions (SKL), and the Swedish National Pensioners' Organisation (PRO).[12] In addition, SKL recommends municipalities to play an active role in creating cooperation with local entrepreneurs and banks. They also recommend state investments in infrastructure, encourage the building industry to take more responsibility and support the creation of deals between state, municipality and constructors on how to increase building.[13] PRO has suggested that municipalities be required by law to provide affordable sheltered housing for the elderly, that they can access without a needs assessment. Renting in sheltered housing is often expensive because the apartments are often newly built or recently renovated, which makes this kind of housing inaccessible to many elderly.[14]

The Swedish population will continue to age and the need for accessible dwellings will remain. The increased interest in different forms of co-habitation, such as community housing, is expected to grow. The new policies to support the construction of non-normative dwellings are therefore welcome, as is further economic support to increase the rate of construction of sheltered housing. The accommodation of elderly with low- and middle income and the construction of affordable sheltered housing is of particular interest.

[1] <http://www.regeringen.se/regeringens-politik/boende-och-byggande/mal-for-boende-och-byggande/>

[2] Boverket (2015). *Behov av bostadsbyggande, Teori och metod samt analys av behovet av bostäder till 2025* (2015:18), s. 7.

[3]

<http://www.regeringen.se/pressmeddelanden/2015/07/regeringen-satsar-32-miljarder-per-ar-pa-fler-hyresratter/>

[4] <http://www.boverket.se/sv/bidrag-garantier/stod-for-hyresbostader-och-bostader-for-studerande/>

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[6]

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- [7] <http://www.regeringen.se/regeringens-politik/tre-ar-in-i-mandatperioden/boende--tre-ar-in-i-mandatperioden/>
- [8] <https://www.hyresgastforeningen.se/globalassets/globalt-innehall/rapporter/rapport-sa-kommer-vi-tillratta-med-bostadsbristen-mars-2016.pdf>
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- [13] <https://skl.se/samhallsplaneringinfrastruktur/planerabyggabo/boendebostader/okatbostadsbyggande.5434.html> & <https://skl.se/samhallsplaneringinfrastruktur/planerabyggabo/skltyckerbostadsbyggande.3544.html>
- [14] <http://www.pro.se/Leva--bo/Boendepolitik/Aldres-boende/>
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